

MASSACHUSETTS REPUBLICAN PARTY

KIRSTEN HUGHES
CHAIRMAN

RON KAUFMAN
NATIONAL COMMITTEEMAN

CHANEL PRUNIER
NATIONAL COMMITTEEWOMAN

Anthony Herman, Esq.
Acting General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

OFFICE
CO.

MUR # 6790

February 26, 2014

Re: Complaint Against Martha Coakley and the Martha Coakley For Senate Committee

Dear Mr. Herman:

Despite the fact that Martha Coakley's federal campaign committee, Martha Coakley for Senate ("The Committee") has been closed (as of January 8, 2014), it is suspicious that the Committee's account was closed in less than 10 days. To add to the suspicion, 12 added restatements were filed in process within the same time frame. Through a random sampling of various federal campaign committees throughout the country, the average closing time of a federal campaign committee was 21 days. The rapid closure of the Committee's account raises speculation.

Complaint

This letter constitutes a formal complaint filed against Martha Coakley's federal campaign committee, Martha Coakley for Senate ("The Committee"). Based upon information and belief, set forth below and in the attached materials, the Republican Party of Massachusetts files this complaint seeking an immediate investigation by the Federal Election Commission ("FEC" or "Commission") into the apparent illegal use of Coakley's federal campaign funds to aid her state campaign.

The public record makes clear, and an investigation will no doubt confirm, that there is reason to believe that the Committee violated multiple campaign finance regulations including, prohibited transfer of funds for personal use, unlawful funding of advertisements and travel, and improper reporting of credit card purchases.

Factual Background

The Boston Globe reported that the Committee paid for an advertisement (exhibit A) that promoted Coakley's campaign for state Attorney General. Specifically, the paid advertisement promoted Coakley's campaign website, www.marthacoakley.com which at the time solicited political contributions to her state campaign account (exhibit B). This spending constitutes a transfer to her state account because of the clear benefit derived by her state campaign efforts.

The Boston Globe reported and FEC reports substantiate, that Coakley amassed \$3,763.10 in credit card charges despite the fact that Coakley was not seeking federal office, and had stated

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that she was actively seeking state office. This spending constitutes a transfer to her state account because of the clear benefit derived by her state campaign efforts.

The Boston Globe also reported that in the time since Coakley lost her race for United States Senate, the Committee's treasurer, Anne Gentile, the sister of Martha Coakley, was paid more than \$28,000 for financial compliance services tendered to the Committee, which was largely inactive. These payments constitute an illicit transfer of funds for personal use because the work for which Ms. Gentile was paid was duplicative of services and systems already purchased by the dormant Committee.

In *The Boston Globe* report, the since the end of Coakley's run for United States senate, the Committee acknowledges it spent more than \$35,000 to purchase financial compliance software from NGP-VAN, and paid an additional \$10,000 to Megan Brengarth, a federal campaign finance compliance consultant. Despite spending more than \$73,000 on compliance, Coakley's inactive Committee appears to have been noncompliant with federal reporting requirements and used federal campaign funds to buy software that only brings a political benefit to her state campaign committee.

FEC reports also show the Committee failed to itemize credit purchases in the amount of \$3,763.10 reported on October 18 2012 as "credit cart payment/convention."

Legal Analysis

All transfers from the federal to a state campaign of the same individual are prohibited by federal law: 11 CFR 110.3(d) prohibits all transfers from the nonfederal to a federal campaign of the same individual regardless of whether the funds used are permissible under the Act. Personal use parameters of federal campaign funds as defined by federal law: 2 USC 439a(b)(1) and 11 CFR 113.2(e) Campaign funds may be used to make salary payments to members of the candidate's family only if the family member is providing a *bona fide* service to the campaign; and, the payments reflect the fair market value of those services. 11 CFR 113.1(g)(1)(i)(H). Any salary payments to family members in excess of the fair market value constitute personal use. Using campaign funds for personal use is prohibited.

Itemization of credit card purchases is required by federal law: 2 U.S.C. 434(b)(5), (6); 11 CFR 104.3(b)(3)(i), (vii) (unauthorized committees); 11 CFR 104.3(b)(4)(i), (vi) (authorized committees); see also 31 CFR 104.9(a), (b). In addition, for each disbursement over \$200, a political committee must maintain a receipt or invoice from the payee – that is, from the person who "provides the goods or services to the committee or agent thereof in return for payment, except for an advance of \$500 or less for travel and subsistence to an individual who will be the recipient of the goods or services." 11 CFR 102.9(b)(2), (b)(2)(i)(A).

Investigation Requested

Therefore, the Republican Party of Massachusetts respectfully requests that the Commission promptly conduct an investigation into the Committee's violations, and to the extent violations are confirmed, require that the Committee remedy the such violations and take any other corrective action the Commission deems appropriate.

On February 7, 2014, we received notification that the complaint filed lacked a sworn statement and that the exhibits were not attached.

This updated complaint addresses those previous deficiencies. Further, it was noted in that letter of February 7 that the Martha Coakley for Senate Committee was terminated effective January 8, 2014. We have been advised that once terminated, it is very difficult to re-activate a

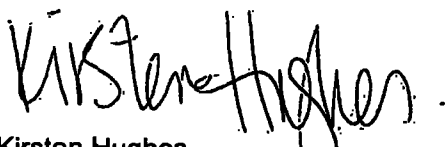
Committee to conduct a review. The following information is meant to serve as presentation of rationale for re-activation of this account.

This termination approval occurred with such haste, that it can only be assumed to have been done so with the exertion of influence to the process. We reviewed a random selection of 33 different account closings. In these, the average speed of approval of a termination application was 23.5 days. In 8 of those cases, it occurred in less than 10 days but only the Coakley case was closed in less than 10 days, including a major federal holiday (January 1). In fact, it was processed in less than 6 business days. This would be impressively quick turnaround on its own, but considering the added complexity of that Committee's activities, it raises concern that perhaps this was terminated too quickly.

The FEC has a termination application process in part to ensure that, to the extent feasible issues are flushed out with a committee *prior* to the termination being complete. That demands due diligence by the FEC. Given the following basic facts: a) the Coakley Committee filed not only their termination application on December 30, 2013, but also they filed 15 amended quarterly reports dating back to January 1, 2010; and b) a simple Google search of "Martha Coakley FEC" would have shown a Boston Globe report of inaccuracies in the Committee reports, as well as allegations of misuse of federal funds from this account; it is unthinkable that the proper process could have been followed without the influence of outside factors pressing for the speedy close of the account. With such a complex series of documents and issues, the FEC should not have approved termination so quickly and we argue the Committee should be re-activated to face the charges included in this complaint.

The above is correct and accurate to the best of my knowledge, information, and belief.

Sincerely,



Kirsten Hughes
Chairman, Massachusetts Republican Party

Subscribed and sworn to before me on this 26th day of February, 2014.

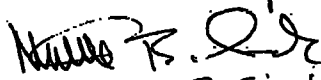

Matthew R. Sisk
Notary Public
Term Expires: 2/18/16

Exhibit A: Advertisement paid for the by the Martha Coakley for Senate Committee from the Democratic State Committee Convention Handbook (June 2012):



Exhibit B: Image of www.marthacoakley.com retrieved July 26, 2012:

